

T-2245

Payor Handbook Addendum No. 11
REPORTING AND PAYING INDIAN ROYALTIES
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These instructions supplement guidance contained in Chapters 1 and 3 of the current Payor Handbook. Specifically, this addendum prescribes requirements for reporting and paying Indian royalties.

Specific Procedures for Reporting and Paying Royalties on Indian Leases

1. Sales and royalty data for Indian leases are required to be reported on a single Form MMS-2014. (Federal leases must be reported on a separate Form MMS-2014).
2. A single payment (one check) is required for all allotted leases administered by the same Bureau of Indian Affairs (BIA) Agency. A single payment is also required for all leases of a given tribe. To illustrate, a separate payment is required for each of the three following conditions:
 - All allotted leases administered by the Muskogee Area Office.
 - All allotted leases administered by the Southern Ute Agency.
 - All tribal leases for the Southern Ute Tribe.
3. Sales and royalty data for Indian leases are to be reported on the Form MMS-2014 at the AID/product code/selling arrangement level. Data should not be reported at the allottee level.
4. Reports and payments should be sent to the address found on page 1.001-2 of the Payor Handbook.

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Payment Methods Applicable to Indian Leases

The following payment method codes should be used for Indian leases:

Payment Method Code (2): Amount of Payments to Others

Payment Method (2) is used only for payments mailed directly to an allottee. Forward the applicable Form MMS-2014 to the MMS, recording Payment Method (2). While existing direct pay relationships to allottees may continue, no new direct pay relationships may be established.

Payment Method Code (5): Amount of Checks to MMS for BIA

Payment Method (5) is used for all checks that are mailed to the MMS for payments on Indian leases. In the case of payments for allotted leases, each check must specify "allotted" and the BIA agency for which payment is made. For example, checks should be made payable to:

Minerals Management Service
for Bureau of Indian Affairs
the XYZ Agency (allotted)

In the case of payments for tribal leases, each check must specify the appropriate tribe as follows:

Minerals Management Service
for Bureau of Indian Affairs
the XYZ Tribe.

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Forward the applicable Form MMS-2014 to the MMS recording Payment Method (5).

Payment Method Code (6): Amount of Electronic Funds Transfer to BIA

Payment Method (6) is used for Electronic Funds Transfer's (EFT's) sent to the BIA for Indian leases. For those payors choosing this payment method, EFT procedures can be obtained from the BIA, Division of Accounting Management in Albuquerque, NM. MMS requires the following information be included within the Payment Reference Field of the EFT Deposit Message:

- Report Month,
- Payor Code,
- Payor Assigned Document Number which relates to the Form MMS-2014 forwarded to MMS,
- Bill Invoice Number (if any), and
- Tribe name if payment is for tribal leases, or BIA agency name if payment is for allotted leases. If the EFT Deposit Message relates to more than one tribe and/or agency, provide the applicable payment amounts.

Forward the applicable Form MMS-2014 to the MMS, recording Payment Method (6).

Payment Method Code (7): Amount of Payments to Lockboxes

Payment Method (7) is used for lockbox payments. Payors will receive specific payment instructions from MMS on a case by case basis.

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Other Requirements

1. Rental Payments on producing leases must be sent to the Minerals Management Service in Lakewood, CO. Any payment on a non-producing lease that is included in a producing, unitized area must also be sent to Lakewood. All other non-producing lease rental payments should continue to be sent to the appropriate BIA agency office.
2. For those payors choosing to submit Form MMS-2014 information via magnetic tape, a hard copy printout of the Indian portion (payment methods 2, 5, 6 & 7) must accompany the tape.
3. Reports and payments for severance taxes should be sent directly to the appropriate Indian tribe.